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RUEHOK/AMCONSUL OSAKA KOBE IMMEDIATE 6186
RUEHKS/AMCONSUL SAPPORO IMMEDIATE 2951
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SENSITIVE
SIPDIS

STATE FOR OES, EEB, EAP/J
STATE ALSO FOR OES/EGC - TSTERN, TTALLEY, NBARTH, CSIERAWSKI
DEPT PASS CEQ
EPA FOR CGRUNDLER
USDOE FOR S-3, RMARLAY, SRUEN

E.O. 12958: N/A
TAGS: [SENV](#) [ENRG](#) [KGHG](#) [PREL](#) [JA](#)
SUBJECT: JAPAN'S POSITION ON CLIMATE CHANGE

11. (SBU) Summary: Japan has been an active participant in negotiations on a post-Kyoto climate change agreement in the UNFCCC, as well as in talks on the subject in the Major Economies Meetings, G8, and APEC. Seeing itself as a bridge between the U.S. and EU on climate change, the GOJ also has had to satisfy its powerful business lobbies, some of which strongly but quietly oppose Kyoto's provisions. While the final outlines of any domestic emissions trading system are unclear, Japan continues to advocate for long-term emissions reduction goals, inclusion of the major emerging economies in any post-Kyoto framework, and use of some form of sectoral approach in setting national or international targets. The GOJ maintains a strong desire to work closely with the U.S. -- strategically but also tactically in the UNFCCC and other conferences -- on finding a way forward on climate change that cuts greenhouse gases and safeguards the environment that at the same time secures economic growth and does not give China or other emerging market economies a free ride. End summary.

12. (SBU) While Japan takes pride in being the "home" of the Kyoto Protocol, many in the Japanese business community and government feel shortchanged by the agreement. Japan's efforts at cutting energy use following the oil shocks of the 1970s made it the most energy efficient country in the world by 1990, the Kyoto baseline year. Japanese critics of the agreement complain Japan is held to a higher standard by being forced to reduce emissions by an additional six percent when it was already well ahead of most other developed countries in terms of energy efficiency. Japan's overall emissions, however, have increased by around six percent over the same period, putting it far behind its Kyoto target of a six percent reduction on 1990 levels. The primary reason for this increase is rising use of energy for air conditioning and other residential uses as well as high automobile use. In per capita terms, Japan's GHG emission levels remain essentially unchanged and experts note only the UK and Germany are lowering their emissions to a point of competing with Japan.

13. (SBU) Even with opposition from some in the business community, and sometimes differing views among the Foreign, Environment, and Economy, Trade and Industry (METI) Ministries, GOJ climate policy has coalesced around three major themes: 1) setting and achieving greenhouse gas emissions reductions goals, 2) meaningful participation by major emerging economies in a post-Kyoto framework, and 3)

use of a "sectoral approach" in setting emissions targets for individual industries. While Japan is conducting a trial voluntary domestic emissions trading scheme and is likely to implement some kind of emissions trading in the future, the form such a scheme would take and the degree to which it would be mandatory and binding remain under debate.

14. (SBU) Regarding targets for greenhouse gas emissions reductions, Prime Minister Abe first called for reducing global GHG emissions by 50 percent by 2050 when he announced his "Cool Earth 50" proposal prior to the 2007 G8 Summit in Germany. Prime Minister Fukuda followed in June 2008 with his call for a 60-80 percent reduction in domestic GHG emissions by 2050. Speaking at Davos this January, Prime Minister Aso said he intends to announce a domestic mid-term target by June 2009. The GOJ has also advocated for a change in the baseline year.

15. (SBU) In addition to hoping to include the U.S. in any post-Kyoto framework, the GOJ has focused much of its diplomatic effort on including major emerging economies such as China and India in such an agreement. Japan was an active participant in the Major Economies Process, hosting a one day MEM prior to the March Gleneagles G20 meeting in Japan and the Major Economies Leaders Meeting the closing day of the 2008 G8 Summit in Hokkaido. The GOJ has developed and strongly advocated a sectoral approach as a means to include China and other emerging market economies in achieving meaningful global GHG reductions and to avoid giving an unfair advantage to the growing steel and other industries in China, India, etc. While not using the term "environmental

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dumping," Japanese officials note it is unfair and an extremely tough sell domestically to let Chinese industries, which compete quite effectively against Japan's in some sectors, produce and export without needing to meet the same GHG and other environmental constraints as Japanese firms. At the same time, Japanese firms have developed technologies to enhance energy efficiency and cut emissions that they are interested in selling in Chinese and other markets. Japanese prime ministers and senior officials have made a point of trying to include language on the sectoral approach in joint statements following official visits, such as the May 2008 Hu-Fukuda summit. The GOJ saw to it that the sectoral approach was mentioned in the July MEM leaders' declaration.

16. (SBU) Japan's sectoral approach proposal seems to be evolving, however. It is sometimes touted as an alternative to a top-down, cap-and-trade system, other times as a method for determining a national GHG target by aggregating targets for different sectors, and still other times as a method for limiting GHG emissions for particular sectors across national borders. More recently, GOJ officials have touted the merits of carbon-intensity or energy-intensity targets, rather than absolute targets for specific sectors, as a way for developing countries to improve their energy efficiency without capping growth.

17. (SBU) The GOJ's current position on climate change is reflected in its latest submission to the UNFCCC's Ad Hoc Working group, which it released to the public February 6. The submission, which closely mirrors Japan's September submission, calls for an expanded definition of developed countries to include all OECD or OECD equivalent economies. (Note: Japanese officials also point out that the list of developed countries is likely to change dramatically by 2050, something which should be allowed for in current negotiations. End note.) Japan also advocates the use of metrics such as GHG intensity by developing countries to limit the growth in their GHG emissions. Regarding the baseline year, Japan again calls for a basket of base years when calculating GHG reduction targets. Finally, the submission emphasizes the need for international collaboration on green technologies and establishing mechanisms for technology transfer, without specifying

details.
ZUMWALT